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BEFORE THE ARIZONA CORPORATION COMMISSION

BOB STUMP

Chairman

GARY PIERCE

Commissioner

BRENDA BURNS

Commissioner

BOB BURNS

Commissioner

SUSAN BITTER SMITH

Commissioner

Arizona Corporation Commission

DOCKETED

JAN 29 2014

DOCKETED BY

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IN THE MATTER OF THE APPLICATION
OF SOUTHWEST GAS CORPORATION
FOR APPROVAL OF AN ENERGY
EFFICIENCY AND RENEWABLE ENERGY
RESOURCE TECHNOLOGY PORTFOLIO
IMPLEMENTATION PLAN

DOCKET NO. G-01551A-13-0170

DECISION NO. 74300ORDER

Open Meeting
January 14 and 15, 2014
Phoenix, Arizona

BY THE COMMISSION:

FINDINGS OF FACTBackground

1. Southwest Gas Corporation ("Southwest" or "the Company") is engaged in providing natural gas service within portions of Arizona, pursuant to authority granted by the Arizona Corporation Commission.

2. Southwest serves approximately one million customers in the counties of Gila, La Paz, Cochise, Graham, Maricopa, Pima, Greenlee, Mohave, Pinal and Yuma. Of these customers, approximately 970,000 are Residential, while 40,000 are Commercial. Southwest also serves a smaller number of Industrial, Irrigation and Transportation customers.

3. On May 31, 2013, Southwest filed an Energy Efficiency and Renewable Energy Resource Technology Portfolio Implementation Plan ("EE and RET Plan") for years Three and

Four of its current Plan. This filing was in compliance with R14-2-2505A of the Gas Utility Energy Efficiency Standards, which provides that companies must file their Implementation Plans on June 1 of each odd year, or annually at the election of each company.

4. The Southwest EE and RET Plan, covering Plan Year One was approved in Decision No. 73231, on June 5, 2012. At that time, eight programs were approved, with a budget of \$4.7 million, and the DSM Surcharge was set at \$0.00200 per therm.

5. On June 1, 2012, Southwest filed a new EE and RET Plan for Plan Year Two in Docket No. G-01551A-12-0218. Since the Commission has not issued a Decision in that case, Staff recommends that Docket No. G-01551A-12-0218 be administratively closed once a Decision is issued in this Docket.

DSM Adjustor Reset and Bank Balance

6. Southwest did not propose a change to the DSM Surcharge in its current filing. Instead, the Company has requested to continue using its current DSM adjustor process, originally approved by the Commission in Decision No. 60352. The current DSM adjustor process provides that Southwest file to reset its DSM adjustor rate in January of each year, with the new rate taking effect in the first billing cycle for the following April.

7. The most recent reset of the adjustor rate took place as of April 1, 2013. Decision No. 73772 (March 21, 2013) set the DSM Surcharge at \$0.007791 per therm. The DSM account balance was under-collected by \$1,973,957, as of May 31, 2013. As of September 2013, the under-collection was approaching \$3 million. In communications with Staff the Company indicated that it anticipates that the balance will be under-collected by approximately \$2 million at the time of reset in April 2014.

8. Recommendation. Staff has recommended that the Company notify the Commission if the under-collection increases to more than \$3.5 million.

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Summary of Existing Portfolio

9. The following are descriptions of the seven programs currently in place. Six offer energy efficiency measures, while one, Solar Thermal Rebates, offers renewable measures:

- (i) SGB¹ Residential Rebates: Rebates are available to residential customers on qualified program measures upon proof-of-purchase and installation. Existing measures include: ENERGY STAR tankless water heaters, high efficiency natural gas clothes dryers, and windows. Southwest now offers the attic and floor insulation measures from the SGB Residential Rebates program only to customers who undergo a Home Performance assessment, and who utilize an authorized contractor. Southwest made this change to ensure that attic and floor insulation measures are installed only in cases where they are likely to produce cost-effective savings, and because attic and floor insulation may not achieve deemed energy savings if not installed correctly.
- (ii) SGB Homes: Rebates are offered to home builders who build ENERGY STAR certified homes. The program is available to all builders of new single-family subdivision and custom homes and multi-family homes featuring natural gas water and/or space heating.
- (iii) SGB Commercial Rebates: Rebates are offered to non-residential customers on qualified program measures upon proof-of-purchase and installation. The measures include high efficiency space and water heating products, and food service measures such as dishwashers, natural gas fryers, griddles, conveyor and convection and combination ovens.
- (iv) SGB Custom Commercial Rebates: Rebates are available to non-residential customers based on achieved annual energy savings. The program does not specify eligible measures in order to provide participants maximum flexibility in identifying potential projects. Participants may propose any measure that produces

¹ "SGB" stands for Smarter Greener Better.

1 a verifiable natural gas usage reduction, is installed in either existing or new
2 construction applications, has a minimum useful life of seven years and exceeds
3 minimum cost-effectiveness requirements. Qualifying measures include those that
4 target cost-effective natural gas savings, such as retrofits of existing systems,
5 improvements to existing systems and first-time installations where the system's
6 efficiency exceeds applicable codes or standard industry practice.

- 7 (v) SGB Distributed Generation: The program provides rebates to non-residential
8 customers to achieve significant fuel savings by promoting high efficiency electric
9 generation, providing financial benefits during peak electrical demand periods, and
10 demonstrating the use of new natural gas technologies that are being brought to
11 market . The rebates are based upon the size and efficiency of the system being
12 installed.

13 Current Project:. The Clarion Hotel installed a natural gas-powered engine to
14 generate electricity when peak electric demand is at its highest. In addition to the
15 natural gas-powered engine, the Combined Heat and Power ("CHP") system
16 includes a heat exchanger that captures waste heat from electricity generation and
17 uses it to heat water that is stored in a large hot water tank, which fulfills most of
18 the hotel's hot water needs while the system is running. The exchange of heat in
19 CHP, which is also called cogeneration, captures 80 percent of waste heat for use
20 by the facility.

- 21 (vi) SGB Low-Income Energy Conservation: The Low-Income Energy Conservation
22 ("LIEC") program is comprised of two components: one provides energy-efficient
23 home improvements such as increased insulation, duct repairs, weather-stripping,
24 and caulking, otherwise referred to as weatherization; and the other provides
25 emergency assistance to help pay household natural gas bills. The program is
26 available to households with annual incomes less than 150 percent of the federal
27 poverty income guidelines, and is administered by Southwest in conjunction with
28 ...

the Arizona Governor's Office on Energy Policy ("OEP") and Arizona Community Action Agency ("ACAA").

- (vii) SGB Solar Thermal Rebates: Rebates are offered to residential and non-residential customers on qualified solar thermal systems, used for water heating or pool heating, upon proof-of-purchase and installation. The program objective is to increase public awareness of the benefits of solar thermal systems and to reduce customer natural gas usage by providing economically beneficial rebates to install the systems. Long-term customer energy savings will be realized throughout the life of the solar thermal systems.

Benefit-Cost Ratio Table

A benefit-cost ratio table is attached as Exhibit C. The Decision number and date are listed along with the benefit-cost ratio for each measure. Due to the Commission's desire to preserve the status quo, Staff has not done a benefit-cost analysis for the new measures proposed by the Company.

Summary of Proposed Changes

10. Southwest has proposed modifications to its portfolio of EE programs. These modifications are discussed below:

- SGB Residential. The Company has proposed that direct install measures and weatherization measures be added to the SGB Residential Rebates program. Southwest believes these would provide a cost-effective opportunity for additional savings. Direct install and weatherization measures were originally proposed as part of the SGB Residential Energy Assessments pilot in Docket No. G-01551A-11-0344. The SGB Residential Business Energy Assessments pilot, as well as the proposed Energy Education program, were not found cost-effective and were not approved. (Decision No. 73229; June 5, 2012.)

Recommendation: Staff has recommended that direct install measures and weatherization measures not be approved for the SGB Residential Rebates program at this time.

- SGB Homes.

- (i) Southwest has proposed that the SGB Homes program be restructured to offer tiered rebates based on each home's Home Energy Rating System ("HERS") rating score², instead of being based on the measures installed. In the revised program, the Tankless Water Heater and Attic Insulation measures would be discontinued as individual measures. Instead, all participating homes will need to comply with Version 3 of ENERGY STAR's program and be certified. In addition, Tier 1 of the program would offer rebates for meeting a HERS score equal to or greater than 66, while Tier 2 would be offered for homes achieving a HERS score less than or equal to 65. Restructuring the program to focus on the HERS scores would make the program more performance-based.

Recommendations: Staff has recommended that the Commission approve the restructuring of the SGB Homes program to offer tiered rebates based on each home's HERS rating score on a trial basis, so long as doing so is cost-effective.

- (ii) The Company has proposed that the SGB Homes program be expanded to include low-rise multi-family homes. The Company states that more low-rise multi-family homes are being constructed in Arizona and anticipates that the savings will be equivalent to single-family homes. Widening eligibility to this type of housing would allow more ratepayers to participate in the SGB Homes program. However, cost-effectiveness was not calculated separately for low-rise multi-family homes since this property type is included as a category in ENERGY STAR's Certified Homes, Version 3 National Program Requirements.

Recommendation: Staff believes that there is insufficient data to ensure that the multi-family homes would be cost-effective. Accordingly, Staff has

² On the HERS index scale, a score of 100 is considered the average efficiency of baseline new construction, while a HERS index score of 0 represents a home that produces all of its energy through on-site generation from renewable energy. In other words, the lower the HERS score, the less energy the home uses from offsite sources.

recommended that the Commission approve expanding eligibility for participation to low-rise multifamily homes on a pilot basis only. Data should be gathered concerning the cost-effectiveness of extending eligibility to low rise multi-family homes. Once twelve months of data has been gathered, these data should be included in the next progress report filed with the Commission.

- SGB Commercial Rebates.

- (i) Southwest has proposed that several measures in the SGB Commercial Rebates Program be eliminated, namely: griddles, O2 trim control pads, and two³ categories of dishwashers. Higher-than-anticipated incremental costs coupled with low natural gas prices have kept these measures from being cost-effective.

Recommendation: Staff has recommended that the Commission approve the Company's proposal to eliminate griddles, O2 trim control pads, and any non-cost-effective categories of dishwashers.

- (ii) The Company has proposed that the following measures be added to the SGB Commercial Rebates Program: boiler reset controls, infrared broilers, and pre-rinse spray valves.

Recommendation: Staff has recommended that the Commission not approve the addition of boiler reset controls, infrared broilers, or pre-rinse spray valves to the SGB Commercial Rebates Program at this time.

- (iii) Southwest has proposed that the existing commercial storage water heater measure be modified into a two-tier measure. (Tier 2 features a higher incremental cost and higher incentives, but also significantly higher savings).

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³ Represents update. Originally filing indicated three.

1 Recommendation: Staff has recommended that commercial storage water
2 heaters remain eligible for incentives and that the Company be allowed to
3 establish a first and second tier for this measure, provided the modified
4 measure is more cost-effective than the existing measure.

- 5 (iv) Instead of the existing oven measures, Southwest has proposed that any
6 commercial oven meeting the new Energy Star Product specification
7 effective January 2014 be eligible for a rebate, along with ovens tested and
8 listed on the Food Service Technology Center qualifying product lists.

9 Recommendation: Staff has recommended that Southwest be allowed to
10 utilize the new eligibility standard it has proposed for commercial ovens, but
11 that the Company not be allowed to recover the costs associated with the
12 commercial oven measure unless and until it can demonstrate the cost-
13 effectiveness of all the new models made eligible under the new standard.

- 14 (v) The Company has proposed that standards for modulating burner controls be
15 increased. Under the new standard, controls would have to be installed on
16 existing boilers with a capacity of greater than or equal to 2 MMBTUH.
17 This change is intended to enhance savings.

18 Recommendation: Staff has recommended that the Commission approve
19 the Company's proposal to increase eligibility standards for modulating
20 burner controls, so that burner controls would have to be installed on
21 existing boilers with a capacity of greater than or equal to 2 MMBTUH.

- 22
23 • SGB Distributed Generation. The Company has proposed expansion of the eligible
24 prime movers (types of electricity production) available under the Distributed
25 Generation Program. The prime movers currently available are reciprocating
26 engines, combustion turbines and steam turbines. The additional prime movers
27 would be fuel cells and recuperated micro-turbines.

The Company states that each prime mover would still be individually evaluated to ensure cost-effectiveness prior to any rebate payments, and that the proposed expansion to other types of prime movers would increase opportunities for new technologies, if they prove to be efficient.

Recommendation: Staff has recommended that the Commission not approve expansion of the type of eligible prime movers (types of electricity production) available under the Distributed Generation Program at this time.

- SGB Low-income Energy Conservation. The Company requests that the administrative dollars for the Bill Assistance component under the SGB Low-Income Energy Conservation program be increased. Under this proposal, the administrative budget would be increased to 15%.

Recommendation: Staff has recommended that there be no increase in administrative dollars for the Bill Assistance component under the SGB Low-Income Energy Conservation program.

Current Budget

11. The current \$4.7 million budget was set in Decision Nos. 73229 and 73231 (from G-01551A-11-0344 and G-01551A-10-0458). Program budgets are allocated based on the market and are likely to shift over time.

Program	Rebates	Administration	Outreach	Delivery	MV&E	Total Cost
Residential						
SGB Residential Rebates	\$313,900	\$8,600	\$21,500	\$77,400	\$8,600	\$430,000
SGB Homes	\$2,100,000	\$30,000	\$45,000	\$30,000	\$45,000	\$2,250,000
SGB Commercial						
SGB Commercial Rebates	\$111,600	\$5,400	\$14,400	\$45,000	\$3,600	\$180,000
SGB Custom Commercial Rebates	\$340,000	\$6,000	\$18,000	\$130,000	\$6,000	\$500,000
SGB Distributed Generation	\$100,000	\$5,000	\$12,000	\$30,000	\$3,000	\$150,000
SGB Low-Income						
SGB Low-Income Weatherization	\$363,750	\$77,500	\$9,000	0	0	\$450,000
SGB Low-Income Bill Assistance	0	0	0	0	0	\$200,000

1						
2	SGB Solar Thermal Rebates	\$434,900	\$2,500	0	\$97,200	\$5,400
3	Total EE and RET Plan	\$3,764,150	\$134,750	\$119,900	\$409,600	\$71,600
						\$540,000
						\$4,700,000

Proposed Budgets, Years 3 and 4

12. Proposed Budgets. The Company has proposed new, higher budgets for Years 3 and 4. The budget proposed for Year 3 is \$7.5 million, as shown in Exhibit A. The budget proposed for Year 4 is \$6.0 million, as shown in Exhibit B.

13. Recommendation: Staff has recommended that the budget for both Years 3 and 4 be increased by \$1.3 million, from \$4.7 million to \$6 million.

14. Although we appreciate Staff's analysis concerning the proposed budgets for Years 3 and 4, we disagree that the budgets should be increased from the current budget level of \$4.7 million to \$6 million. Instead, we find that the budgets for Years 3 and 4 should be set at the current budget level of \$4.7 million.

15. We find that maintaining the current budget level for Years 3 and 4 will allow for continued inclusion in the budget of programs that are in the public interest, while discontinuing programs that we believe are no longer in the public interest.

16. We find that the following programs are in the public interest and shall continue to be included in the budgets for Years 3 and 4 at the following budget levels:

SGB Homes – \$2,880,000 million; Custom Commercial Rebates - \$330,000 million; Distributed Generation - \$300,000 million; Low Income Weatherization - \$450,000 million; Low Income Bill Assistance - \$200,000 million; and Solar Thermal -\$540,000.

17. We find that Residential and Commercial Rebates programs are no longer in the public interest and should be discontinued and eliminated from the budgets for Years 3 and 4.

Incentive Levels

18. Incentives for Southwest measures are limited to no more than 75% of the incremental cost of an individual measure. Incentives currently represent approximately 80% of the portfolio budget. In Docket No. G-01551A-13-0407, Southwest has requested increasing its existing \$4.7 million budget by \$1.6 million due to increasing customer participation.

1 19. Recommendation: To accommodate expanding participation and maintain
2 reasonable program budgets, Staff recommends the Commission lower the cap on incentives to no
3 more than 60% of the incremental cost of each measure. Staff believes that decreasing the cap on
4 incentives will allow more customers to participate in Southwest's programs and increase the
5 number of therms saved per program dollar spent. Staff also recommends that Southwest gather
6 twelve months of data regarding the impact of lowering the cap on incentives and include this
7 information in the next progress report filed with the Commission.

8 **Gas Efficiency Standards**

9 20. Southwest states that it achieved 3,146,127 in therm savings during its first plan
10 year, exceeding its goal of 3,085,874 therms. The Company also states that it achieved 81,394 in
11 therm savings during the first month of its second plan year and that its cumulative goal for its
12 second plan year is 7,615,263. Southwest believes that it is "on target" to meet this goal.
13 However, in communications with Staff, the Company has indicated that it may have to shut down
14 its existing programs in the near future if the interim funding requested in Docket No. G-01551A-
15 13-0407 is not approved.

16 **Summary of Recommendations**

17 Bank Balance

- 18 • Staff has recommended that the Company notify Staff if the under-collection
19 increases to more than \$3.5 million.

20 Budget Recommendation

- 21 • Staff has recommended that the budget for Year 3 and the budget for Year 4 both be
22 set at \$6 million.

23 Incentive Levels

- 24 • Staff has recommended that the Commission lower the cap on incentives to no
25 more than 60% of the incremental cost of each measure.
- 26 • Staff has recommended that Southwest gather twelve months of data regarding the
27 impact of lowering the cap on incentives and include this information in the next
28 progress report filed with the Commission.

SGB Residential Rebates

- Staff has recommended that direct install measures and weatherization measures not be approved for the SGB Residential Rebates program at this time.

SGB Homes

- Staff has recommended that the Commission approve the restructuring of the SGB Homes program to offer tiered rebates based on each home's HERS rating score on a trial basis, so long as doing so is cost-effective.
- Staff has recommended that the Commission approve expanding eligibility for participation to low-rise multi-family homes on a pilot basis only. Data should be gathered concerning the cost-effectiveness of extending eligibility to low rise multi-family homes. Once twelve months of data have been gathered, these data should be included in the next progress report filed with the Commission.

SGB Commercial Rebates

- Staff has recommended that the Commission approve the Company's proposal to eliminate griddles, O2 trim control pads, and any non-cost-effective categories of dishwashers.
- Staff has recommended that the Commission not approve the addition of boiler reset controls, infrared broilers, or pre-rinse spray valves to the SGB Commercial Rebates Program at this time.
- Staff has recommended that commercial storage water heaters remain eligible for incentives and that the Company be allowed to establish a first and second tier for this measure, provided the modified measure is more cost-effective than the existing measure.
- Staff has recommended that Southwest be allowed to utilize the new eligibility standard it has proposed for commercial ovens, but that the Company not be allowed to recover the costs associated with the commercial oven measure unless and until it can demonstrate the cost-effectiveness of all the new models made eligible under the new standard.

- Staff has recommended that the Commission approve the Company's proposal to increase eligibility standards for modulating burner controls, such that burner controls would have to be installed on existing boilers with a capacity of greater than or equal to 2 MMBTUH.

Annual Demand Side Management (DSM) Progress Reports

- We will require Southwest Gas to include in its Annual DSM Progress Reports, beginning with the report filed by April 1, 2014, a chart that lists all Commission-approved programs and measures, the Commission-approved budgeted expenditures by program, the actual annual expenditures by program, the planned cost effectiveness ratio per measure (last calculated by Staff), and the actual cost effectiveness ratio per measure (using the Staff-approved method with all criteria updated with the most recent data available). In addition, the Annual DSM Progress Reports shall include data on program annual therm savings and lifetime therm savings (plan and actual data), plus program cost-effectiveness test benefits, costs, and net benefits (plan and actual data).

Re-calculation of the EE & RET Plan's Measures' Cost-Effectiveness for Purposes of a Possible Early Reset of the DSM Surcharge

- We find that it is important and in the public interest to ensure that only EE measures that are truly cost effective continue to be funded.
Because Southwest Gas' EE & RET Plan's measures' cost effectiveness have not been recently re-calculated, we find it reasonable and necessary to direct Staff to review and re-calculate the cost effectiveness of all the measures included in the EE & RET Plan. To ensure consistent consideration of all available EE & RET measures, Staff should also review and calculate the cost-effectiveness of the new EE & RET measures Southwest Gas proposed for its EE & RET Plan. By May 30, 2014. Staff shall file a report on its review of the measures, and include recommendations based on its re-calculations for possible early reset of the DSM Surcharge. Interested parties and stakeholders shall file any comments on the Staff

report and recommendations within 30 days of Staff filing its report and recommendations.

- We find the DSM Surcharge annually approved in a separate Docket to be subject to possible early reset upon further Commission consideration of the Staff report and comments concerning the re-calculation of the cost effectiveness of the EE & RET Plan's measures.

SGB Distributed Generation

- Staff has recommended that the Commission not approve expansion of the type of eligible prime movers (types of electricity production) available under the Distributed Generation Program.

SGB Low-income Energy Conservation

- Staff has recommended that the Commission not approve an increase in administrative dollars for the Bill Assistance component under the SGB Low-Income Energy Conservation program.

General

- Staff has recommended that Docket No. G-01551A-12-0218 be administratively closed.

CONCLUSIONS OF LAW

1. Southwest is an Arizona public service corporation within the meaning of Article XV, Section 2, of the Arizona Constitution.

2. The Commission has jurisdiction over Southwest and over the subject matter of the application.

3. The Commission, having reviewed the application and Staff's Memorandum dated December 31, 2013, concludes that it is in the public interest to approve the EE and RET Plan, as discussed herein.

ORDER

IT IS THEREFORE ORDERED that the Southwest Gas Corporation notify the Commission if the under-collection increases to more than \$3.5 million.

1 IT IS FURTHER ORDERED that budgets for Years 3 and 4 shall both be set at \$4.7
2 million as discussed in Findings of Fact 14-17 herein.

3 IT IS FURTHER ORDERED that Southwest Gas Corporation lower the cap on incentives
4 to no more than 60% of the incremental cost of each measure.

5 IT IS FURTHER ORDERED that Southwest Gas Corporation gather twelve months of
6 data regarding the impact of lowering the cap on incentives and include this information in the
7 next progress report filed with the Commission.

8 IT IS FURTHER ORDERED that the SGB Homes program offer tiered rebates based on
9 each home's Home Energy Rating System rating score, so long as doing so is cost-effective.

10 IT IS FURTHER ORDERED that eligibility in the SGB Homes program be expanded to
11 low-rise multifamily homes on a pilot basis only. Southwest Gas Corporation should gather data
12 concerning the cost-effectiveness of this expansion. Once twelve months of data has been
13 gathered, the data should be included in the next progress report filed with the Commission.

14 IT IS FURTHER ORDERED that Southwest Gas Corporation eliminate griddles, O2 trim
15 control pads, and any non-cost-effective categories of dishwashers.

16 IT IS FURTHER ORDERED that Southwest Gas Corporation not add boiler reset controls,
17 infrared broilers, or pre-rinse spray valves to the SGB Commercial Rebates program.

18 IT IS FURTHER ORDERED that commercial storage water heaters remain eligible for
19 incentives and that the Company be allowed to establish a first and second tier for this measure,
20 provided the modified measure is more cost-effective than the existing measure.

21 IT IS FURTHER ORDERED that Southwest Gas Corporation be allowed to utilize the new
22 eligibility standard it has proposed for commercial ovens, but that the Company not be allowed to
23 recover the costs associated with the commercial oven measure unless and until it can demonstrate
24 the cost-effectiveness of the models made eligible under the new standard.

25 IT IS FURTHER ORDERED that the Company's proposal to increase eligibility standards
26 for modulating burner controls, so that burner controls would have to be installed on existing
27 boilers with a capacity of greater than or equal to 2 MMBTUH is approved.

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1 IT IS FURTHER ORDERED that Southwest Gas Corporation not expand the type of
2 eligible prime movers (types of electricity production) available under the Distributed Generation
3 Program.

4 IT IS FURTHER ORDERED that there be no increase in administrative dollars for the Bill
5 Assistance component under the SGB Low-Income Energy Conservation program.

6 IT IS FURTHER ORDERED that Staff shall re-calculate the cost effectiveness of all of
7 Southwest Gas' EE & RET Plan's measures, review and calculate the cost-effectiveness of the new
8 EE & RET measures Southwest Gas proposed for its EE & RET Plan, and file a report and
9 recommendations by May 30, 2014. Interested parties and stakeholders shall file any comments on
10 the Staff report and recommendations within 20 days of Staff filing its report and
11 recommendations.

12 IT IS FURTHER ORDERED that Southwest Gas shall include in its Annual DSM Progress
13 Reports (filed each April) and mid-year reports (filed each October), beginning with the report
14 filed by April 1, 2014, a chart that lists all Commission- approved programs and measures, the
15 Commission-approved budgeted expenditures by program, the actual annual expenditures by
16 program, the planned cost effectiveness ratio per measure (last calculated by Staff), and the actual
17 cost effectiveness ratio per measure (using the Staff-approved method with all criteria updated
18 with the most recent data available). In addition, the Annual DSM Progress Reports shall include
19 data on program annual therm savings and lifetime therm savings (plan and actual data), plus
20 program cost-effectiveness test benefits, costs, and net benefits (plan and actual data).

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IT IS FURTHER ORDERED that Docket No. G-01551A-12-0218 be administratively closed.

IT IS FURTHER ORDERED that this Order shall take effect immediately.

BY THE ORDER OF THE ARIZONA CORPORATION COMMISSION

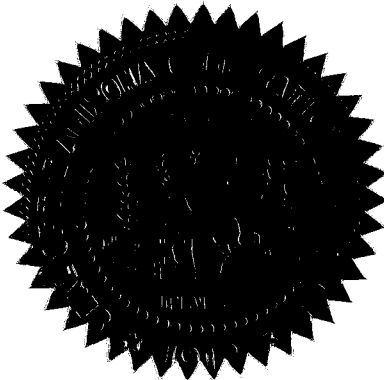
CHAIRMAN

COMMISSIONER

COMMISSIONER

COMMISSIONER

COMMISSIONER



IN WITNESS WHEREOF, I, JODI JERICH, Executive Director of the Arizona Corporation Commission, have hereunto, set my hand and caused the official seal of this Commission to be affixed at the Capitol, in the City of Phoenix, this 29th day of January, 2014.

JODI JERICH
EXECUTIVE DIRECTOR

DISSENT: _____

DISSENT: _____

SMO:JMK:sms\RRM

1 SERVICE LIST FOR: SOUTHWEST GAS CORPORATION
2 DOCKET NO. G-01551A-13-1070

3 Catherine M. Mazzeo, Esq.
4 Associate General Counsel
5 Southwest Gas Corporation
6 P.O. Box 98510
7 Las Vegas, Nevada 89193-7250

8 Debra Gallo
9 Director/Government & State
10 Regulatory Affairs
11 Southwest Gas Corporation
12 P.O. Box 98510
13 Las Vegas, Nevada 89193-7250

14 Mr. Steven M. Olea
15 Director, Utilities Division
16 Arizona Corporation Commission
17 1200 West Washington Street
18 Phoenix, Arizona 85007

19 Ms. Janice M. Alward
20 Chief Counsel, Legal Division
21 Arizona Corporation Commission
22 1200 West Washington Street
23 Phoenix, Arizona 85007

Exhibit 1

Southwest Gas EE Measures Cost Effectiveness - Plan vs Actual (2013 Progress Report)

		Approved	
		<u>Fcst</u>	
<u>Residential Rebates:</u>	<u>Date</u>	<u>CE</u>	<u>Act CE</u>
Tankless Water heater	2012	0.94	0.77
Clothes dryer	2010	1.55	0.62
Windows	2012	1.45	0.78
Attic Insulation	2012	0.97	0.91
Floor Insulation	2012	1.35	N/A
Smart Low-Flow Showerhead	2012	1.21	0.68
 <u>Smarter, Greener Better Homes:</u>			
Home Certification	2012	1.36	}
			}
Tankless Water Heater	2012	1.08	8.06
Attic Insulation	2012	1.44	}
 <u>Commercial Rebates:</u>			
Storage Water Heater	2007	2.46	0.45
Tankless Water Heater	2012	1.08	0.72
Boiler - Steam Trap	2010	7.31	0.55
Air Curtain	2007	2.22	0.76
Fryer	2010	1.38	0.48
Typical Custom Business Project	2012	3.55	
Typical DG Project	2012	1.56	1.3
Low-Income Energy Conservation	2012	0.98	2.26
Low Income Bill Assistance			
Residential Solar Water	2012	N/A	N/A
Non-Residential Solar Water	2012	N/A	N/A
Non-Residential Solar Pool Heater	2012	N/A	N/A

The cost effectiveness from the 2013 progress report is based on 6 - 7 months of data, and may change when a full year of data is available.

Exhibit 2

Southwest Gas EE/RET Plan Years 2015 and 2016

	<u>Budget</u> 2014	<u>Proposed</u> <u>Budget</u> 2015/2016	<u>Amended</u> <u>Budget</u> 2015/2016
Residential Rebates	\$ 430,000	\$ 620,000	\$ -
SGB Homes	\$ 2,250,000	\$ 2,880,000	\$ 2,880,000
Commercial Rebates	\$ 180,000	\$ 400,000	\$ -
Custom Commercial Rebates	\$ 500,000	\$ 350,000	\$ 330,000
Distributed Generation	\$ 150,000	\$ 300,000	\$ 300,000
Low Income: Weatherization Bill	\$ 450,000	\$ 450,000	\$ 450,000
Assistance	\$ 200,000	\$ 200,000	\$ 200,000
Solar Thermal	<u>\$ 540,000</u>	<u>\$ 800,000</u>	<u>\$ 540,000</u>
Total	<u>\$ 4,700,000</u>	<u>\$ 6,000,000</u>	<u>\$ 4,700,000</u>

*Proposed Revised Budget excludes increases for Residential and
Commercial Rebates Based on Exhibit 1 from the 26 Nov 2013 Application*